

17 Am. Jur. 2d Consumer Protection Two XIV A Refs.

American Jurisprudence, Second Edition | May 2021 Update

Consumer and Borrower Protection

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Part Two. State Legislation; Uniform Laws

XIV. Uniform Consumer Leases Act

A. In General

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17 Am. Jur. 2d Consumer Protection § 415

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Consumer and Borrower Protection

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§ 415. Generally

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[Regulation of Consumer Credit Sales and Consumer Leases Under Uniform Consumer Credit Code, 79 A.L.R.6th 211](#)

The Uniform Consumer Leases Act (UCLA) was introduced as a tool for states to deal with the increasingly popular practice of leasing consumer goods.¹ It is intended to fill the gap left by existing legislation, such as the Federal Consumer Leasing Act, which specifies some disclosure requirements for such transactions and imposes a reasonableness requirement for charges in connection with default or termination,² and the Uniform Commercial Code Article 2A, which provides a legal framework for leases of goods, but does not deal extensively with consumer protection issues.³

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Footnotes

¹ Uniform Consumer Leases Act Prefatory Note.

² Uniform Consumer Leases Act Prefatory Note.

As to the Federal Consumer Leasing Act, generally, see §§ [100](#) to [107](#).

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Uniform Consumer Leases Act Prefatory Note.

As to Article 2A of the Uniform Commercial Code, generally, see [Am. Jur. 2d, Bailments § 274](#).

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§ 416. Scope and effect on other state statutes

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Under the Uniform Consumer Leases Act (UCLA), if a transaction is predominantly a consumer lease but includes a sale of goods, services, or other benefits, including accessories, insurance, an extended warranty, a maintenance agreement, or a service contract, the incidental sale is not subject to the state's credit sales laws.¹ Also, a provision in a consumer lease for payment of governmental, license, or registration fees; taxes related to the lease; or an amount necessary to discharge a security interest in, a lien on, or a debt with respect to property traded in or to satisfy an obligation owed on a previous lease does not make the payment subject to laws of this state governing small loans or other forms of consumer financing.²

Because such actions are generally covered by another state statute, the UCLA does not contain a general proscription of unfair or deceptive acts or practices in connection with consumer leases³ and does not provide a cooling-off period for leases solicited door-to-door or otherwise consummated off the dealer's premises.⁴

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Footnotes

- ¹ [Unif. Consumer Leases Act § 104\(d\)](#).
As to state statutes governing consumer credit sales, generally, see §§ [312](#), [318](#).
- ² [Unif. Consumer Leases Act § 104\(e\)](#).
As to state statutes regulating consumer credit, generally, see §§ [301](#) to [304](#).
- ³ [Unif. Consumer Leases Act § 106](#) Legislative Note 1.
As to deceptive or unfair trade practice legislation, generally, see §§ [272](#) to [300](#).

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[Unif. Consumer Leases Act § 106](#) Legislative Note 2.

As to statutes regulating home solicitation sales, generally, see §§ [218](#) to [243](#).

As to Article 2A of the Uniform Commercial Code, generally, see [Am. Jur. 2d, Bailments § 274](#).

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§ 417. Scope and effect on other state statutes—What constitutes a consumer lease

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The Uniform Consumer Leases Act (UCLA) applies only to consumer leases,¹ which have two major characteristics:

- the lessee is obligated for a term of more than four months and for a total contractual obligation of \$150,000 or less
 - when the lease is consummated, the goods are intended by the lessee primarily for personal, family, or household purposes²
- It does not cover short-term lease transactions, such as weekend car or tool rentals, nor rent-to-own contracts.³

Transactions that are excluded from the coverage of the UCLA, although they may come within the definition of a consumer lease,⁴ include—

- a lease from a lessor who has leased goods under a consumer lease five or fewer times in the preceding year.⁵
- a lease of a safe-deposit box.⁶
- a lease of goods that is incidental to a lease of real property under which the lessee has no liability for the value of the goods at the end of the lease period except for abnormal wear and use and has no option to purchase the goods.⁷
- a lease of goods that is incidental to a contract for the sale of goods or services.⁸

Caution:

A consumer lease may not be deemed a credit sale, loan, or security interest to make the transaction subject to coverage by other law in lieu of the UCLA,⁹ and the parties to a consumer lease may not agree that the transaction is governed by other law in lieu of the UCLA.¹⁰ However, the parties to a lease that is not subject to the UCLA may agree in the lease or in a contemporaneous record that the UCLA applies to the lease.¹¹

The UCLA does not apply to licenses of information because its definition of the term "goods" excludes "general intangibles."¹²

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Footnotes

- | | |
|----|---|
| 1 | Unif. Consumer Leases Act § 104. |
| 2 | Unif. Consumer Leases Act § 102(a)(2). |
| 3 | Uniform Consumers Leases Act, Prefatory Note. |
| 4 | Unif. Consumer Leases Act § 104 Comment 1. |
| 5 | Unif. Consumer Leases Act § 104(b). |
| 6 | Unif. Consumer Leases Act § 104(c)(1). |
| 7 | Unif. Consumer Leases Act § 104(c)(2). |
| 8 | Unif. Consumer Leases Act § 104(c)(3). |
| 9 | Unif. Consumer Leases Act § 105(a). |
| 10 | Unif. Consumer Leases Act § 105(c). |
| 11 | Unif. Consumer Leases Act § 105(b). |
| 12 | Unif. Consumer Leases Act § 102(a)(5). |

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§ 418. Waiver or settlement; arbitration

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Except as otherwise permitted by the Uniform Consumer Leases Act (UCLA), a lessee may waive or agree to forgo rights, benefits, or remedies under the statute only in settling a dispute or collection claim,¹ and a settlement in which a lessee agrees to forgo a right, benefit, or remedy under the UCLA is invalid if the court finds that the settlement was unconscionable when made.²

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Footnotes

¹ [Unif. Consumer Leases Act § 107\(a\).](#)

² [Unif. Consumer Leases Act § 107\(b\).](#)

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§ 419. Unconscionability

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), if the court as a matter of law finds that a consumer lease or any provision of the lease was unconscionable when the lease was consummated, the court may refuse to enforce the lease, enforce the remainder of the lease without the unconscionable provision, or so limit the application of an unconscionable provision as to avoid an unconscionable result.¹ Also, if the court as a matter of law finds that a consumer lease or any provision of a consumer lease was induced by unconscionable conduct or that unconscionable conduct has occurred in the collection of a claim arising from the lease, the court may grant appropriate relief.² However, before making a finding of unconscionability, the court must afford the parties a reasonable opportunity to present evidence as to the setting, purpose, and effect of the consumer lease, the provision, or the conduct.³

If the court finds unconscionability, the court must award reasonable attorney's fees to the lessee,⁴ but if the court finds that there is no unconscionability and that the lessee knew the lessee's claim of unconscionability to be groundless, the court shall award reasonable attorney's fees to the party against which the claim of unconscionability was made.⁵

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Footnotes

- ¹ [Unif. Consumer Leases Act § 110\(a\).](#)
- ² [Unif. Consumer Leases Act § 110\(b\).](#)
- ³ [Unif. Consumer Leases Act § 110\(c\).](#)

4 [Unif. Consumer Leases Act § 110\(d\)\(1\).](#)

5 [Unif. Consumer Leases Act § 110\(d\)\(2\).](#)

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§ 420. Advertising

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  [144](#), [162](#), [163](#), [194](#), [239](#)

Under the Uniform Consumer Leases Act (UCLA), "advertisement" means a commercial message in any medium that directly or indirectly promotes a consumer lease¹ and must comply with the requirements of the Federal Consumer Leasing Act for advertising.²

Under the UCLA, a person may not publish, broadcast, or distribute a false, deceptive, or misleading advertisement.³

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Footnotes

¹ [Unif. Consumer Leases Act § 201\(a\).](#)

² [Unif. Consumer Leases Act § 201\(b\).](#)

As to the Federal Consumer Leasing Act, generally, see §§ [100](#) to [107](#).

³ [Unif. Consumer Leases Act § 201\(c\).](#)

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§ 421. Disclosures and insurance

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  [144](#), [162](#), [163](#), [194](#), [239](#)

Under the Uniform Consumer Leases Act (UCLA), before the consummation of a consumer lease, a lessor, on request of an individual, is required to promptly give a copy or reproduction of its current consumer lease form to the individual.¹ A lessor is also required to make the disclosures required by the Federal Consumer Leasing Act for any lease covered by the Uniform Consumer Leases Act regardless of whether the lease is covered by the federal statute.² Some disclosures must be made before renegotiation or extension,³ and a consumer lease must be evidenced at consummation by a record that indicates that certain disclosures were given,⁴ and a lessor must give each lessee a written copy of the lease that is signed by both parties.⁵

If a lessor requires that the lessee maintain either casualty or liability insurance, or both, on the leased goods, unless the insurance is included in the lease for no additional charge, the lessor is required to disclose that the lessee may purchase the required insurance from an insurer of the lessee's choice, subject to the lessor's right to reject that insurer for reasonable cause.⁶ On the other hand, if the lessor does not require insurance, the lease must include a disclosure of the fact that insurance of the goods is not provided.⁷

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Footnotes

- ¹ [Unif. Consumer Leases Act § 202\(a\).](#)
- ² [Unif. Consumer Leases Act § 203\(a\).](#)
- ³ [Unif. Consumer Leases Act § 203\(b\).](#)

- 4 [Unif. Consumer Leases Act § 203\(c\).](#)
- 5 [Unif. Consumer Leases Act § 203\(e\).](#)
- 6 [Unif. Consumer Leases Act § 204\(a\).](#)
- 7 [Unif. Consumer Leases Act § 204\(b\).](#)

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§ 422. Disclosures and insurance—Payments and termination

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Under the Uniform Consumer Leases Act (UCLA), during the period of a consumer lease, a lessor must give a lessee a receipt for each payment.¹ Also, on request, a lessor must give its lessee a statement of certain other information concerning the account.²

Within two weeks after a lessee has discharged all of his or her obligations under a consumer lease, the holder is required to send the lessee a copy of the lease marked as paid or another document indicating satisfaction of the lease.³

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Footnotes

- ¹ [Unif. Consumer Leases Act § 206\(a\).](#)
- ² [Unif. Consumer Leases Act § 206\(a\).](#)
- ³ [Unif. Consumer Leases Act § 206\(b\).](#)

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§ 423. Return of trade-in property or application fee after disapproval

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West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), if a lessee's application for a consumer lease is not approved on the terms submitted, the lessor within one business day after disapproval of the application must tender back to the lessee any property traded in¹ and promptly, but in no event more than five business days after disapproval of the application, must refund any payment received other than an application fee.² The lessor may not sell any trade-in property until the application is approved.³ However, if the lessee has taken delivery of the goods, the time for returning the trade-in property or making the refund begins to run when the lessee tenders back the leased goods.⁴ There are also specific requirements in connection with the disapproval of an application for a motor vehicle lease.⁵

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Footnotes

- 1 [Unif. Consumer Leases Act § 301\(a\).](#)
- 2 [Unif. Consumer Leases Act § 301\(a\).](#)
- 3 [Unif. Consumer Leases Act § 301\(c\).](#)
- 4 [Unif. Consumer Leases Act § 301\(a\)\(2\).](#)
- 5 [Unif. Consumer Leases Act § 301\(b\).](#)

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§ 424. Prohibited lease provisions

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West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), a consumer lease may not:

- authorize the holder to accelerate the maturity of all or part of the amount owing on the lease whenever the holder deems itself insecure
- require the lessee to execute an authorization to confess judgment or an assignment of wages
- authorize the holder or another person to enter upon the lessee's premises or to commit a breach of the peace in the repossession of the goods¹

A provision in a consumer lease that contains these prohibitions is unenforceable but does not otherwise affect the validity of the lease.²

The UCLA also restricts lease provisions that create a security interest in the lessee's property³ and on terms that impose late fees, delinquency and default charges, or attorney's fees.⁴ It also prohibits disclaimers of warranties by lessors in certain situations.⁵

The UCLA provides that a person may not induce or attempt to induce a lessee to consummate a consumer lease by offering a postconsummation rebate, discount, commission, or other consideration on the condition that the lessee provide information or assistance for the purpose of enabling a lessor or other person to lease or sell goods to another individual.⁶

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Footnotes

- 1 Unif. Consumer Leases Act § 302(a).
- 2 Unif. Consumer Leases Act § 302(b).
- 3 Unif. Consumer Leases Act § 303.
- 4 Unif. Consumer Leases Act § 304.
- 5 Unif. Consumer Leases Act § 310.
- 6 Unif. Consumer Leases Act § 309.

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§ 425. Liability for the gap amount

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

With certain exceptions, under the Uniform Consumer Leases Act (UCLA), a consumer lease provision is invalid if it provides that the lessee is liable for the "gap amount," which is the amount that would be owed by the lessee if a total loss of the goods occasioned by theft, physical damage, or other occurrence were considered an early termination of the lease, less the portion of the cash value of the goods received by the holder from the lessee's insurer or from any other source.¹ The exceptions to this prohibition apply to the extent that the gap amount is attributable to:

- the lessee's failure to maintain in effect casualty insurance required under the lease
- the lessee's fraud, intentional wrongful act or omission, or gross negligence
- the forfeiture or confiscation of the goods under governmental authority²

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Footnotes

¹ [Unif. Consumer Leases Act § 401\(a\), \(b\).](#)

² [Unif. Consumer Leases Act § 401\(c\).](#)

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§ 426. Default and right to cure; repossession

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West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), a lessee is in default only if he or she has failed to make a payment required by the lease, or the holder has established that the prospect of payment, performance, or realization of the holder's interest in the goods is significantly impaired.¹

If the default is solely the lessee's failure to make a payment required under the lease and the lessee has not voluntarily surrendered the leased goods to the holder, a holder may not accelerate, take judicial action to collect, or repossess the leased goods unless the holder initiates a procedure for cure under the UCLA, and the lessee does not cure the default in a timely manner.²

Once the holder of a consumer lease has complied with the right to cure provisions, if the lessee is in default, the holder may repossess the goods either by judicial process or by self-help without a breach of the peace.³ After repossession, the holder must apply the realized value of the goods as provided in the lease or, if the lease contains no such provision, first to the default charges and collection costs imposed under the lease, then to the obligations of the lessee that are due or in default under the lease, and, finally, to the liability of the lessee on early termination of the lease.⁴ The lessee is liable for any deficiency after application of the realized value unless the parties have agreed otherwise, and the holder of the lease is required to refund to the lessee any amount of the security deposit remaining after satisfaction of the deficiency.⁵

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Footnotes

- 1 Unif. Consumer Leases Act § 402(a).
- 2 Unif. Consumer Leases Act § 402(b).
- 3 Unif. Consumer Leases Act § 403(a).
- 4 Unif. Consumer Leases Act § 403(b).
- 5 Unif. Consumer Leases Act § 403(c).

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§ 427. Early termination

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), a consumer lease may provide a measure or formula for the lessee's liability on early termination but only at an amount that is reasonable in light of the anticipated or actual harm caused by the early termination, the difficulties of proof of loss, and the inconvenience or unfeasibility of otherwise obtaining an adequate remedy.¹ Also, a charge imposed on a lessee for early termination of a consumer lease other than an open-end consumer lease may not exceed the total of the remaining periodic payments scheduled under the lease.²

Caution:

If a consumer lease is terminated before its scheduled expiration by mutual agreement of the holder and lessee, the holder may not report the early termination to a consumer reporting agency as a default by the lessee or guarantor although the holder may report a previous default by the lessee or guarantor under the lease or a later default under the early termination agreement.³

Footnotes

- 1 [Unif. Consumer Leases Act § 405\(a\).](#)
- 2 [Unif. Consumer Leases Act § 405\(b\).](#)
- 3 [Unif. Consumer Leases Act § 406.](#)

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17 Am. Jur. 2d Consumer Protection § 428

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Part Two. State Legislation; Uniform Laws

XIV. Uniform Consumer Leases Act

D. Termination of Lease

§ 428. Charges for excess wear, use, or mileage

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

A consumer lease governed by the Uniform Consumer Leases Act (UCLA) may prescribe standards and impose liability on the lessee for excess wear and use of the leased goods if the standards and amounts of liability are reasonable and reasonably applied to compensate the holder due to damage, abuse, or lack of maintenance but not exceeding the estimated or actual cost of repair and refurbishing.¹ Standards for excess wear and use do not subject the lessee to liability for ordinary and expected wear, use, and depreciation of the goods during the period of the lessee's possession and use or damage or repair to the extent that the leased goods are covered by insurance, warranty, or a repair, service, or maintenance agreement issued in connection with the lease; recovery or repair under the insurance, warranty, or agreement is available to the holder; and the lessee cooperates as necessary to submit, document, and process a claim under the insurance, warranty, or agreement.²

A lessor is required to give the lessee notice of charges for excess use and an opportunity to inspect the goods or the vehicle.³

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Footnotes

¹ [Unif. Consumer Leases Act § 407\(a\).](#)

² [Unif. Consumer Leases Act § 407\(b\).](#)

³ [Unif. Consumer Leases Act § 407\(c\) to \(e\).](#)

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Research References

West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

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E. Penalties, Enforcement, and Administration

§ 429. Private enforcement

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

A holder that violates the Uniform Consumer Leases Act (UCLA) is liable to the lessee for actual damages, but if actual damages are claimed as a result of an alleged violation of a disclosure requirement, the lessee must show reliance on the holder's conduct to the lessee's detriment.¹ Also, if the violation is of particular provisions of the statute, the holder is liable for statutory damages of 25% of the amount of payments scheduled under the lease but not less than \$500 or more than \$1,000.²

A lessee who brings a successful action under the UCLA is entitled to costs and, if certain notice and settlement offer requirements are met, reasonable attorney's fees as determined by the court.³

Caution:

A holder is not liable for statutory damages if, within 60 days after discovering the violation and before commencement of an action or the receipt of written notice of the violation from the lessee, the holder notifies the lessee and corrects the violation, including refund, restitution, or crediting of any charges improperly disclosed or imposed.⁴ Also, a holder is not liable for statutory damages if the holder proves by a preponderance of the evidence that the violation was unintentional and resulted from an error in good faith and notwithstanding the maintenance of procedures reasonably adapted to avoid the error.⁵



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Footnotes

- 1 Unif. Consumer Leases Act § 501(b).
- 2 Unif. Consumer Leases Act § 501(d).
- 3 Unif. Consumer Leases Act § 501(e), (f).
- 4 Unif. Consumer Leases Act § 504(a).
- 5 Unif. Consumer Leases Act § 504(b).

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West's Key Number Digest

West's Key Number Digest, [Antitrust and Trade Regulation](#)  144, 194, 239

Under the Uniform Consumer Leases Act (UCLA), the state's attorney general, credit code Administrator, or similar public agency is responsible for enforcing the statute and has the power and is entitled to the remedies provided in the state unfair or deceptive acts or practices statute.¹

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Footnotes

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[Unif. Consumer Leases Act § 507.](#)

As to public enforcement of state unfair or deceptive practice statutes, generally, see §§ [297](#), [298](#).

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[Topic Summary](#)**Correlation Table****Consumer and Borrower Protection**

This table shows where the subject matter in the various sections of the former edition of American Jurisprudence 2d is set forth in this revised volume. This table enables the user to translate references found in the prior edition and other legal publications into references to this edition.

Where the subject matter of a particular section of the prior edition of the article is now treated in another article, the title and section of that article is given. The reader should always consult the volume index for detailed information.

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